

**The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)**  
**“Nurturing Business and Banking Sustainability”**  
Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

**Proceeding Book of**  
**The 2<sup>nd</sup> International Conference on Business and Banking Innovations**  
**(ICOBBI) 2020**  
**“Nurturing Business and Banking Sustainability”**  
Surabaya, 14 - 15<sup>th</sup> August 2020

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Indonesia**

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### FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2<sup>nd</sup> International Conference on Business and Banking Innovations was held on 14<sup>th</sup> – 15<sup>th</sup> August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program  
STIE Perbanas Surabaya

**Prof. Dr. Tatik Suryani, M.M.**

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# Corporate Partnership of PT Sekar Laut Tbk (PT SKLT) With Crackers MSME in Sidoarjo as A Form Corporate Social Responsibility (CSR)

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## ABSTRACT

There are many crackers MSME that have constraints faced both in the production system and marketing. On the other hand's in the city of Sidoarjo there is also the largest cracker factory in Indonesia that has go public, namely PT Sekar Laut Tbk (PT SKLT). So far, PT SKLT has carried out CSR programs that are generally and tempotative in nature. So that researchers think it would be better if they merged or synergized the CSR pro-gram that had been carried out by PT SKLT so that it would have a broad, long-term im-pact, to be able to improve the welfare of the community through Crackers MSMEs who are business partners. By means of PT SKLT conducting CSR programs in the form of business partnerships with crackers MSME in Sidoarjo. The focus of this research is How CSR is activated in empowering Crackers MSME in Sidoarjo as business partners; What CSR strategies are undertaken to advance and enhance the existence of PT SKLT. The results of this study indicate that a suitable Business Partnership Pattern is carried out by PT SKLT to crackers MSME in Sidoarjo by using the Agribusiness Operational Coop-eration Partnership Pattern which is a productive partnership that is mutually symbiotic mutualism.

## 1. INTRODUCTION

Sidoarjo City is known as a city that produces shrimp and milkfish. Various kinds of food are produced from both sea products and ponds, one of which is crackers which are very popular with Indonesians as snacks and side dishes. So that there are so many MSME crackers scattered in the city of Sidoarjo. However, the majority of crackers produced by MSME are still traditional, where they do not maintain cleanliness of the production pro-cess, there is no good production standard, the drying process is still in an open place which is very susceptible to contamination and does not understand the standards of healthy and healthy food processing. safe for consumption. So that it still needs support for reform in crackers MSME. On the one hand, in Sidoarjo there is also the largest cracker factory in Indonesia which has gone public and is well known to foreign countries. The cracker company is PT Sekar Laut Tbk (PT SKLT), which was founded in 1976. For the CSR program, actually the SKLT company has carried out many social activities to improve the welfare of the community both around the factory and the city of Sidoarjo in particular, such as: blood donation, giving aid facilities and scholarships to schools in need, giving sacrificial animals in various activities, giving and building the "Jayandaru" monument in the town square of Sidoarjo as a symbol that the city of Sidoarjo as a city of Shrimp and Milkfish and the largest cracker producer in Indonesia, and many more. However, the nature of CSR programs so far is only a short period (tempotative) and is charity. It would be better if the business ethics in this company can be carried out more broadly and mutual-ly so that it is not merely empathic in nature but more towards a commitment of a company so that it has a broad impact on the society around it. One form of business ethics in helping this community is by running a CSR business partner-ship with crackers MSME in the city of Sidoarjo.

By running a CSR business partnership with crackers MSME is a manifestation and the company supports the implementation of Good Corporate Governance, which is one of the principles of responsibility. Based on the explanation above, the writer intends to submit a study entitled "Corporate Partner-

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ship Of PT Sekar Laut Tbk (PT SKLT) With Crackers MSME In Sidoarjo As A Form of Corporate Social Responsibility (CSR)". Thus, it will have a broad impact on the economy of the people of Sidoarjo and fix the shortcomings and help the limitations of crackers MSME in Sidoarjo so far.

The purpose of this research is to look at the general description of crackers MSME in Sidoarjo, and how this CSR is activated in empowering the crackers MSME in Sidoarjo as business partners under the umbrella brand "FINNA". And see what CSR strategies are being carried out to advance and improve the existence of PT SKLT.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### Business Ethics

Ethics basically also refers to the harmony of life between humans and their natural environment, and this is important to humans for the sustainability of human life itself. According to Yusuf Wibisono (2003), in business ethics there is a guide to behavior for the business world to be able to distinguish between what is good and what is bad, which can and may not be done. In a situation where there is a tight competition for the market in pursuit of the maximum possible profit, of course ethical violations are easy, namely violations of general ethical principles / basic moral principles, including:

1. Obligation to do good
2. Obligation not to do harm
3. Respect for human autonomy
4. Be fair (justice)

The level of ethics that exists can be identified from its lowest form, namely sympathy, which is a company that is experienced by a company or company members to view other communities, including other companies, even though there is still a striking difference between the company community and local communities or others. At the next level is empathy, which is a feeling that recognizes the existence of other communities outside the company and at the same time recognizes the existing differences and feels those differences. At a higher level is commitment, namely the feeling of the company and company members who feel they are part of a wider community and are willing to work functionally with other communities.

### Corporate Social Responsibility (CSR)

According to the World Business Council for Sustainable Development/WBCSD (1995) in Bambang and Melia (2013:12) the definition of CSR or Corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the work-force and their families as well as of the community and society at large, or in this context Corporate Social Responsibility/CSR is a business commitment to behave ethically, operating legally and contributing to economic development while improving the quality of life employees and their families, as well as local communities and society in general.

A different understanding has been put forward by academics, who think that CSR is related to management. CSR is seen as the values or values that serve as guidelines by the corporation to then be disseminated to consumers and stakeholders (share value) so as to create a positive image for the company and ultimately lead to benefits for the corporation. So that the understanding of CSR itself is a corporate commitment that is filled in the guidelines for companies to work in accordance with applicable regulations to contribute to the development, well-fare of the surrounding communities.

This is in accordance with the definition developed by ISO 26000, as follows: "responsibility of an organization for the impact of its decisions and activities on society, takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior, and its integrated throughout the organization and practice in its relationship" (2010). The key is that this CSR activity is a commitment and responsibility of the company to the impacts that the company creates, which are both social and environmental in nature, as well as efforts for the company to adapt to the social environment of the community.

### Concept and Application of CSR

In implementing CSR in a company, it is generally influenced by several factors. The first factor is



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the commitment of the leader. The second factor is that large and established companies have more potential to contribute than small and not yet established companies. The third factor is the regulatory factor and government-regulated tax system.

According to Yusuf Wibisono (2007), there are at least three important reasons that companies must respond and develop this social responsibility issue which must be in line with their business operations.

1. First, the company is part of the community, and therefore it is natural for the company to pay attention to the interests of the community. Companies must realize that they operate within a community environment. These social activities function as reciprocal compensation for the use of natural resources and economic resources by companies, which are sometimes expansive and exploratory.
2. Second, the business community and society should have a symbiotic relationship of mutualism, so that a harmonious relationship can be created between the company and the community and ultimately be able to boost and improve the company's performance.
3. Third, social responsibility activities are one way to reduce or even avoid social conflicts. The potential for conflict can come from the impact of the company's operations or from structural and economic gaps that arise between the community and the company's components.

According to Bambang and Melia (2013), corporate social responsibility/CSR is basically not a burden for companies that are active but has greater meaning as a company's effort to adapt to the social life of the community to establish trustworthiness between the company and the community. In the end, CSR can be used as a benchmark for national development that follows the cultural patterns and also the lives of different Indonesians.

According to Sankat, Clement K. (2002) in Bambang and Melia (2013), said that CSR as a business commitment to act ethically and operate correctly and contribute to improving the economy together with improving the quality of life of employees and family, local community and society more broadly and this understanding is the same as what The World Business Council for Sustainable Development (WBCSD) says, namely a business commitment to contribute to sustainable economic development, working with company employees, the families of these employees and following the local community (local) and the community as a whole in order to improve the quality of life.

Social corporate responsibility is not only limited to the concept of donor giving, but the concept is very broad and is not static and passive, it is only excluded from the company, but the rights and obligations shared between stakeholders. The CSR concept involves a responsible partnership between the government, community resource institutions, as well as the local community. This partnership is not passive and static. This partnership is a shared responsibility socially among stakeholders.

According to Kotler and Lee (2006) in the excerpt of Ismail Solihin's book (2008 : page 131) it is said that the selection of alternative CSR programs that will be implemented by companies is very dependent on what kind of CSR implementation objectives, so there are 6 types of CSR programs which will be explained as follows:

### 1. Cause Promotion

The company will provide funds or other resources owned by the company to increase public awareness of a social problem or to support fundraising, community participation, or the recruitment of volunteers for a particular activity. With the existence of persuasive communication the company aims to create awareness and attention to a social problem by presenting statistical figures and uplifting facts.

### 2. Cause Related Marketing

The company has a commitment to contribute a certain percentage of its income for a social activity based on the large number of product sales. So that this activity is only for the sale of certain products, for a certain period of time and for certain charity activities.

### 3. Corporate Societal Marketing

The company develops and implements campaigns to change people's behavior with the aim of improving public health and safety, preserving the environment, and improving community welfare. The Corporate Societal Marketing (CSM) campaign is more focused on encouraging behavior change related to several issues such as health issues, accidents / losses, environment and community involvement.

### 4. Corporate Philanthropy



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The company makes direct donations in the form of donations to certain people. These donations are usually in the form of giving cash, aid packages, or free services.

### 5. Community Volunteering

The company supports and encourages employees, franchisees or retail associates to set aside their time voluntarily to assist local community organizations and the community that is the target of the program.

### 6. Socially Responsible Business Practice (Community Development)

The company carries out business activities beyond the business activities required by law and carries out investments that support social activities with the aim of improving community welfare, namely welfare, which includes company employees, suppliers, distributors, and non-profit organizations that are partners of the company and society in general and includes aspects of health, safety, and psychological and emotional needs.

According to Yusuf Wibisono (2007:79), it is explained that at least the way companies perceive CSR or the reasons for companies implementing. CSR can be classified into three categories:

1. First, just lip service and compulsion. That is, CSR is practiced more because of external factors, so it is more social driven, in addition to environmental driven. Fulfillment of responsibility is more due to compulsion due to guidance rather than voluntary. On the other hand, because it is reputation driven, the motivation for implementing CSR is to boost the company's image. The company fulfills the guidelines and gives an image as a corporation that is responsive to social interests.

2. Second, as an effort to fulfill obligations (compliance). CSR is implemented because there are regulations, laws and regulations that enforce it. One example is because it is market driven. Awareness of the importance of implementing CSR has become a trend in line with the increasing awareness of the global community for products that are environmentally friendly and produced by paying attention to social principles. Apart from being market driven, other drives that can force companies to practice CSR are the rewards given by all institutions.

3. Third, it is no longer just compliance but beyond compliance, aka compliance plus. CSR is implemented because there is genuine encouragement from within (internal drivers). Companies have realized that responsibility is no longer just economic activities to create profit for the sake of business class, but also social and environmental responsibility. The rationale, relying solely on financial health, will not guarantee the company can grow sustainably. The company believes that the CSR program is an investment for business growth and sustainability. This means that CSR is no longer seen as a cost center but a profit center in the future. Thus CSR is no longer just a patch activity which if forced can be sacrificed in order to achieve efficiency, but CSR is the life of the company. CSR has entered the heart of the company's strategy. This is done by conceptualizing CSR initiatives to improve the company's competitive context, which is the quality of the business environment in which the company operates.

### Good Governance (GCG)

According to Bambang Rudito and Melia (2013: 336), the formation of the realization of the concept of a wise government "Good Governance" is a prerequisite for obtaining an effective balance between environment and development. Governance is in a good state if there is synergy between the government, private sector and civil society in the management of natural, socio-environmental and economic resources.

According to Yusuf Wibisono (2013), the general definition of GCG (Good Corporate Governance) is understood as a system, and a set of regulations that regulate the relationship between various interested parties in the narrow sense of the relationship between shareholders and the board of commissioners and the board of directors to achieve the company's goals. Meanwhile, in a broad sense, GCG is used to proportionally regulate the relationships of all stakeholder interests and prevent significant mistakes in the company's strategy while ensuring that mistakes that occur can be corrected immediately.

The definition of corporate governance put forward by the OECD (Organization for Economic Cooperation and Development) is quoted in Ismail Solihin's (2008) book on page 115, as follows:

"Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of the right and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other

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stakeholders. Corporate governance is a system for directing and controlling the company. The corporate governance structure determines the distribution of rights and obligations among the various parties involved in a corporation such as the board of directors, managers, shareholders, and other stakeholders.

In carrying out the principles of Good Governance, there are three important and interrelated focus areas, namely: economics, politics and administration. The economic sector includes decision-making processes that affect not only economic activity and other related factors, but other matters concerning issues of justice, poverty and quality of life. The political sector considers the entire decision-making process in the form of policy formulation, while the administrative sector is concerned with implementing policy systems at the national and regional levels.

The concept of Good Governance is expected to be an alternative development capable of mobilizing public participation and providing assurance that priorities in the political, economic and social fields are made based on collective deliberations. The existence of Good Governance can accommodate this kind of attention and provide greater opportunities for people to manage their local resources.

According to Yusuf Wibisono (2013:11), stating that there are five GCG principles that can be used as guidelines for business people, namely: Transparency, Accountability, Responsibility, Independence and Fairness which are usually abbreviated as TARIF, and the explanation is as follows :

### 1. Transparency (Information Openness)

Companies are required to provide sufficient, accurate, timely information in a way that is easily accessible and understood by all its stakeholders.

### 2. Accountability (Accountability)

The existence of clarity of functions, structures, systems and responsibilities in company elements in a transparent and reasonable manner. If this principle is applied effectively, there will be clarity of functions, rights, obligations, and authorities as well as responsibilities between shareholders, the board of commissioners and the board of directors.

### 3. Responsibility (Liability)

The form of corporate responsibility is company compliance with applicable regulations, including tax issues, industrial relations, occupational health and safety, environmental protection, maintaining a conducive business environment with the surrounding community.

### 4. Independency (Independence)

The company can manage its company in a professional manner without any conflict and pressure or intervention from any party that is not in accordance with applicable regulations.

### 5. Fairness (Equality and Fairness)

Fair behavior in fulfilling stakeholder rights in accordance with applicable laws and regulations.

## Partnership

According to Tennyson (1998) in Yusuf Wibisono (2007) page 109 explained that partnership is an agreement between sectors where individuals, groups or organizations agree to work together to fulfill an obligation or carry out certain activities, jointly bear the risk or profit and collectively periodically revisit cooperative relations. The partnership strategy is a collaborative strategy that is formed because of the dimensions of trust and commitment between partners.

Johnson's research (1990) in Ensua Asmara (2008), states that there are several variables that influence partnership strategies: resource dependency, flexibility, relationship quality, and age of partnership. Ganesan (1994) in Ensua Asma-ra (2008), found that trust and dependence on resources are very influential in determining longterm business orientation in a collaboration. Trust is a feeling of being able to trust and a good target of work.

Three important principles in forming partnerships according to Tennyson (1998) are:

### 1. Equality or balance (equity)

The approach is not top-down or bottom-up, nor is it based on power alone, but on a relationship of mutual respect, mutual respect and mutual trust.

### 2. Transparency

Transparency is needed to avoid mutual suspicion between partners.

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3. Mutual benefit  
A partnership must bring benefits to all parties involved.

### Partnership Concept

According to Yusuf Wibisono (2007), partnerships between companies and government and communities can lead to the following three scenarios:

1. Partnership Counter Productive Pattern  
This pattern is still based on the conventional pattern which only benefits the interests of shareholders, namely pursuing the maximum profit. The company runs its own targets, the government also doesn't care, while the community doesn't have any access to the company so all of this is just a sweetener.
2. Semi Productive Partnership Pattern  
Government and the community or the community are considered as objects and problems outside the company. Companies do not know what government programs are being promoted, and the government does not create a climate that is not conducive to companies and communities so that everything is passive. Common interests have not been formed and are still self-interested as a company.
3. Productive Partnership Pattern  
This partnership pattern places partners as subjects and in the paradigm of common interests. The principle of symbiosis mutualism is very thick in this pattern. Companies have high social and environmental concerns, the government provides a conducive climate for the business world and the community provides positive support to the company.

According to Sumardjo, et al (2004), there are five partnership patterns, namely:

1. Plasma Core Partnership Pattern  
The plasma core partnership pattern is the relationship between farmers, farmer groups, and businesses. The core company provides land, production facilities, technical guidance, management, accommodates and processes, and markets the products. Meanwhile, the partnership group is tasked with meeting the needs of the core company in accordance with the agreed upon requirements.
2. Sub Contract Partnership Pattern  
The subcontract partnership pattern is a partnership pattern between a business partner company and a group of business partners who produce components needed by the partner company as part of their production. The sub-contract pattern is characterized by an agreement on a joint contract which includes volume, price, quantity and time.
3. General Trade Partnership Patterns  
General trade partnership pattern is a business relationship in marketing production products. The party involved in this pattern is the marketing party with the commodity supplier business group required by the marketing party.
4. Agency Partnership Pattern  
The agency partnership pattern is a form of partnership consisting of partner companies and partner groups or small business partners. The partner company (big company) gives special rights to the partner group to market the company's goods or services supplied by the partner company. Meanwhile, partner companies are responsible for the quality and volume of products (goods or services).
5. The Partnership Pattern of Operational Cooperation Agribusiness (KOA)  
The agri-business operational partnership (KOA) partnership pattern is a business relationship pattern run by partner groups and partner companies. The partner group provides the costs, capital, management, and provision of the means of production to legalize or cultivate an agricultural commodity. In addition, partner companies also play a role as guarantor of the product market by increasing product added value through processing and packaging.

### 3. RESEARCH METHOD

Data processing techniques in this type of qualitative research, data processing does not have to be done after the data is collected or data processing is complete. In this case, temporary data is



collected, existing data can be processed and analyzed simultaneously. During data analysis, they can return to the field to find additional data that is deemed necessary and process it again. Suyanto and Sutinah (2006:173) said that data processing in qualitative research is carried out by classifying or categorizing data based on several themes according to the focus of the research. Data processing in this study consists of:

1. Data Reduction

Data reduction is a process of selecting, focusing on simplification, abstracting, and transforming raw data that emerge from field notes (Miles and Huberman (1992:16)). The steps taken are sharpening the analysis, classifying or categorizing into each problem through a brief description, directing, removing unnecessary, and organizing the data so that it can be retrieved and verified.

2. Presentation of Data

After the data is reduced, the next analysis step is to present the data. Data presentation is a structured set of information that provides the possibility of drawing conclusions and taking action. (Miles and Huberman, 1992:17). The presentation of the data is directed so that the reduction result data is organized, arranged in a relationship pattern so that it is easier to understand. Data presentation can be done in the form of narrative descriptions, charts, relationships between categories and flowcharts.

3. Draw conclusions or verification

This stage is the stage of drawing conclusions from all the data that has been obtained as a result of the research. Drawing conclusions or verification is an attempt to seek or understand the meaning, order, patterns, explanations, causal paths or propositions. Prior to drawing conclusions, data reduction, data presentation and drawing conclusions or verification from previous activities are conducted. In accordance with Miles and Huberman's opinion, the analysis process was not one-time, but interactive, alternating between activities of reduction, presentation and conclusion or verification during the study period. After verification, conclusions can be drawn based on the research results presented in narrative form. Drawing conclusions is the final stage of data analysis activities. This conclusion is the final stage of data processing.

The focus of this research is: The implementation of business partnerships carried out as a form of Corporate Social Responsibility (CSR) of PT SKLT with crackers MSME In Sidoarjo, which can be seen from (a) General description of Crackers MSME in Sidoarjo, (b) What business partnership pattern which is suitable to be applied to PT SKLT to crackers MSME in Sidoarjo, (c) This way PT SKLT can increase its existence with this CSR.

#### 4. DATA ANALYSIS AND DISCUSSION

The study conducted a direct interview with the owners/workers of Crackers MSME with the aim of knowing the conditions and conditions that have been faced by Crackers MSME, so that researchers can find out about the existence of business partnership cooperation offerings that will be offered by PT SKLT to the crackers MSME. The researcher also interviewed PT SKLT's internal parties to find out what CSR activities PT SKLT has carried out so far. From the results of an exclusive interview with one of PT SKLT's company management levels, information was obtained that the CSR activities carried out by the company were limited to blood donation activities, providing facilities and scholarships to schools in need, providing funding. qurbani women during religious activities, giving as well as the construction of the "Jayandaru" monument located in the Sidoarjo city square as a symbol that Sidoarjo is the city of shrimp and milkfish as well as the largest producer of crackers in Indonesia, and many more. From these answers it is expected to answer a mini research question, which is: What is the condition of Crackers MSME in the Sidoarjo region at this time. Researchers use a qualitative approach to gain understanding and describe the existing reality. Research with a qualitative approach is a research procedure that produces descriptive data in the form of written or spoken words based on the person or behavior observed (Nasution, 2003:3).

##### Business Profile of Crackers in Sidoarjo

The author classifies a number of conditions from each crackers MSME which are related into several groups of questions which include the following:

##### Duration of Crackers MSME in Sidoarjo And The Number of Workers

1. Erwinah (UD Atika Jaya), this crackers MSME was founded in 1995. It has a total number

- of employees: 70 people consisting of 20 permanent employees with a salary of Rp.3,000,000 per month and 50 employees daily with a salary of Rp.100,000 per day
2. Faisal Fahmi (UD Cahaya Terang), this crackers MSME was founded in 2000 and has 70 daily employees with a salary of Rp.100,000 per day.
  3. Nur Ihyak (UD Sumber Karya), this crack-ers MSME was founded in 1995 and has 25 daily employees with a salary of Rp.100,000 per day.
  4. Sumaasnaini (Crackers "Manukwari"), this crackers MSME was established in 2018 and has 10 employees consisting of 5 family members and 5 daily employees with each receiving a salary of Rp.75,000 per day.
  5. Sulis (UD Mokky's), this crackers MSME was founded in 1995 and has 20 employ-ees consisting of 10 permanent employees with a salary of Rp.3,000,000 per month and 10 employ-ees daily with a salary of Rp.80,000 per day.
  6. Idris (UD Amar Putra), this crackers MSME was established in 2010 and has 10 daily employees with a salary of Rp.80,000 per day.
  7. M.Choirul Supandi (raw crackers in the form of tofu), this crackers MSME was founded in 2006, has 4 daily employees with a salary of Rp.75,000 per day.
  8. Darto (Raw Shrimp Crackers), this crackers MSME was founded in 2018, has 3 daily employees with a salary of Rp.75,000 per day.
  9. Sutrisno (Usek Raw crackers), this crackers MSME was founded in 2010 and has 10 daily employees with a salary of Rp.85,000 per day.

#### Interviews with MSME Business Owners

The number of crackers making produced in one production cycle for each crackers MSME varies, because it can be seen that the larger the scale of the business and the number of workers, the great-er the production of crackers produced. Following are the results of interviews with crackers MSMEs in Sidoarjo about how big the scale of the business they produce in per production period/cycle.

1. Erwinah, owner UD Atika Jaya

Mrs Erwinah said that: on average, our production days can produce 20 quintals for 2 shifts per day, the resulting cracker production includes cassava crackers, puli crackers, uker crackers, so the estimated monthly production can be up to 90 tons/ month. Our sales estimate is around 1 ton/ day. The price of our products is around Rp. 50,000/ball with a weight of 1 ball 5 kg. So our total turnover per day is around Rp.3,650,000,000/year. But sometimes it is not always appropriate because there are obstacles in certain weather, sometimes it can rain, finally we cannot dry it, so tomorrow we will definitely reduce production first. The same is true that our machine capacity and the ability of our workforce are limited, so sometimes we still can't meet consumer demand. But actually we want to increase the business scale again if there is enough capital.

2. Faisal Fahmi, owner UD Cahaya Terang

Mr Faisal said that: the uker crackers production can reach 2,5 tons for 2 shifts in one day. I can sell 1 ton/day, 1 ball weighs 5 kg. Approximately the result from the sale can reach IDR 45,000,000/day. So the annual turnover is Rp.3,285,000,000/year. The only problem is that I don't have a dry-er, because in the rainy season, I can't dry my crackers so a lot of crackers don't dry out. Actually I want to add a large business but I still have to raise capital first. If I had capital I would buy another machine.

3. Nur Ihkyak, Owner UD Sumber Karya

Mr Nur Ihkyak said that: the crackers production per day can reach 1 ton/day, we only work 1 shift. There are 4 kinds of crackers that we produce, namely: uyel crackers, palem-bang crackers, red uker crackers and white uker crackers. Our product sales range from 900 kg/day. Our sales of crackers can reach 180 balls per day, 1 ball weighs 5 kg. So our annual turnover is around Rp.2,956,500,000. Our products always sell well, even if something is broken, our products are available for purchase. Usually our cracker production is bigger during the Eid season, but the problem is that sometimes we can't meet the demand for market share because we collide with machine capacity and good work too. Actually we want to increase our business if we have more capital.



4. Sumaasnaini, Owner raw crackers shape round  
Mrs Sumaasnaini said that: the crackers that we produce per day reach 300kg/day, because we also have difficulty getting the sort of crackers from several factories. But from that 300kg/day, we can sell it directly to the cracker agent, we give a price of approximately Rp.45,000/5kg. So the annual turnover is around Rp.985,500,000/ year. Actually we want to increase the scale of our business to a bigger scale, we hope that we can produce our own crackers from the raw material so that we also don't depend on the results of the factory cracker sorting."
5. Sulis, Owner UD Mokky's  
Mr Sulis said that: the cracker production per day can reach 1.5 tons/day, if the sales can be up to 800 kg/day, 1 ball is 5 kg. With the selling price of our products is approximately Rp.45,000. So our annual turnover is around Rp.2,628,000,000. If something is broken, approximately 50 balls will be sold at a discount and there are already collectors who want to buy our products. The problem during this production was an incident where the weather was unpredictable and our employees who did not come in, we ended up having problems producing crackers.
6. Idris, owner UD Amar Putra  
Mr Idris said that: our produces crackers per day that can reach 800 kg/day, so it is approximately 24 tons/month. But our sales can reach approximately 400 kg/day. Our sales price ranges from Rp.45,000/ball. So our estimated annual turnover is around Rp.1,314,000,000/year. On average, our products can be sold out and if there are products that are not good, such as damage, we will sell them to animal feed, such as for duck food. So far, the demands from consumers have always been fulfilled. However, we hope that we can increase our production scale larger as the demand from consumers increases.
7. M. Choirul Supandi, Owner of raw crackers in the form of tofu  
Mr Choirul said that: the number of crackers we produce on average per day can reach 400kg, so an estimate of 1,2 tons/month, so far our products can be sold out at around 120 kg/day with a selling price of Rp.55,000/5kg. So our annual turnover value ranges from Rp.481,800,000/year. There are only a few obstacles where our products during Eid usually soar in high demand and some-times our workforce is not enough so that the production of crackers cannot be maximized. Finally, there are some requests from consumers that we cannot fulfill. Therefore, if we have capital, we want to increase our efforts to add machines and other equipment so we don't rely on human labor to make crackers.
8. Darto, the Owner of raw mussel crackers  
Mr Darto said that: the crackers we produce on average are 150 to 200kg/day, so the estimate is 4.5 tons/month. We can sell our products an average of 150 kg/day, with a price of Rp.57,000/ball for 1 ball weighing 5 kg. So our annual turnover value is around Rp. 624,150,000/year. The obstacle has been the incident when production was about to fail because the raw materials arrived late, the raw materials were difficult to find and the weather suddenly turned to rain. In the end, there was very little production at that time, besides that we actually needed more money to turn around our business capital so that we could continue to produce in larger quantities.
9. Sutriono, Owner of raw usek crackers  
Mr Sutriono said that: our cracker production per day is approximately 500kg /day. Estimated product is sold as much as 350 kg / day with a price per Rp 50,000/5 kg. So our turnover value is around Rp.1,277,500,000/year. There was an incident at that time when we got a lot of orders from consumers and cracker agents. However, we could not fulfill it because we were drying the crackers in our house which was not spacious, so there were a lot of crackers that we could not dry, especially because the weather was uncertain and suddenly the rain came automatically we could not dry them. So sometimes we ask neighbors who also produce crackers for us to sell to our consumers / cracker agents. So if we have more capital, we want to increase our business scale even more by buying more land and better machine tools.

#### Capital Aspects

Small-scale MSME crackers, they not only use their own capital, but they also have the courage to borrow capital from banks or borrow from other capital companies, it is different for micro and small scale MSMEs, they still do not have the courage to borrow capital from banks and other places. Because they are afraid of paying too much bank interest or penalties when they are late. (Let see in table 4.2)

### Marketing Aspects

This marketing aspect is to find out what percentage of sales of the cracker production are sold and how the crackers MSME in Sidoarjo market their products, and where their products are sold marketed. How has marketing been done so far, whether using technological media such as advertisements and the internet or traditional only word of mouth.

### Income Level

According to the regulations of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSME). So the difference can be seen clearly between MSME. (Let see in table 4.1)

### Aspects of Constraints

The aspect of the constraints of the crackers MSME in Sidoarjo mostly lies in the level of poorly trained employees, erratic weather factors in drying the product so that this product is still manual in the drying process, there are no standard standards in product loading, and the lack of funds to be able to develop. Production scale even bigger.

### Partnership Program

Some of the crackers MSME in Sidoarjo have participated in the partnership and some have not. Of the 9 crackers MSME who are interested in participating in the partnership program, there are 7 crackers MSME and they hope that if they work together with PT SKLT they can add in some desired aspects. Following are the results of interviews from 9 crackers MSME that were interviewed from the partnership program offering with PT SKLT. (Let's see in table 4.3)

This partnership between PT SKLT and crackers MSME in Sidoarjo can be established if there is an agreement between those who have the same vision and mission. Here you can see the definite goal of PT SKLT in providing CSR in the form of partnerships to crackers MSME in Sidoarjo as a form of concern and wanting to improve the economy. And these two parties also need each other, where the crackers MSME in Sidoarjo need assistance in several aspects such as capital, training, coaching, technology introduction, mastery of raw materials and sales / marketing systems as well as further bookkeeping management.

So that the concept of this partnership, as expressed by Yusuf Wibisono (2000), states that the nature of this partnership pattern has a productive partnership pattern, "this partnership pattern places partners as subjects and in the common interests paradigm". The principle of symbiosis mutualism is very thick in this pattern. Companies have high social and environmental concerns, the government provides a conducive climate for businesses and the community provides positive support to companies.

So according to researchers, the business partnership pattern is very suitable to be applied with local crackers MSME with an Agribusiness Operational Cooperation Partnership (KOA) pattern with a productive partnership pattern or mutual symbiosis, where the Agribusiness Operational Cooperation Partnership (KOA) is a partnership in it the partner group will provide land, facilities, and labor, while partner companies provide funds or capital or facilities or training to cultivate and cultivate a commodity. Where this is the same as the statement from Sumardjo, et al (2004), states that the pattern of agribusiness operational cooperation partnerships (KOA) is a pattern of business relationships that are run by partner groups and partner companies. The partner group provides costs, capital, management, and procurement of production facilities to cultivate or cultivate an agricultural commodity. In addition, partner companies also play a role as guarantor of the product market by increasing product added value through processing and packaging. The objectives of the Business Partnership Pattern provided by PT SKLT to crackers MSME in Si-

doarjo include:

1. Making the crackers MSME in Sidoarjo a pillar of the people's economy;
2. Providing capital and financial assistance to be able to expand their land, assistance to buy infrastructure equipment needed so far;
3. Provide training in the process of making crackers, drying, and proper and hygienic packaging, helping to minimize their damaged or reject products and providing an explanation of the importance of quality control and quality in every aspect of the product;
4. Introducing technology in machinery which has been manufacturing more manually so that it will simplify and multiply production, such as refrigeration machines, drying machines, cracker product packaging machines;
5. Improving the ability of the owner and his workforce to be more trained and skilled in processing crackers to packaging and marketing;
6. Introducing an appropriate bookkeeping management system that further clarifies cash inflows and is more efficient in managing finances so that they can see the development of their product profits monthly, quarterly and yearly;
7. Optimizing the capacity and resilience of crackers MSME players through the formation of a creative, innovative, independent and resilient mindset so that the resulting products are of many variants and shapes;
8. Help introduce the network of suppliers of raw materials and packaging so that crackers MSME can have many alternatives in obtaining raw materials;
9. PT SKLT as the guarantor for local crackers MSME by helping to develop their business scale, which was previously only a home industry scale that does not yet have a legal entity permit such as CV/UD to exist;
10. Provide maintenance training for the tools they use so that the tools used are maintained properly and hygienically;
11. Inviting seminars and exhibitions held by PT SKLT so as to expand the marketing of Sidoarjo crackers MSME products;
12. Providing a brand image that with PT SKLT's training and coaching, their products are already on par with the "FINNA" brand, so that it will increase the selling power of their products in a wide market share.

## 5. CONCLUSION

From the results of the study it can be concluded that of the 9 crackers MSME in Sidoarjo that have been observed and interviewed, the result is that 7 crackers MSME are willing to join the partnership program with PT SKLT with the hope of advancing their business in the future, while the other 2 crackers MSME are not willing. on the grounds that they want to be independent and do not want to be regulated by outsiders and still hold the old principles of thought. The pattern of business partnerships that is very suitable to be applied with crackers MSME in Sidoarjo is the Agribusiness Operational Partnership (KOA) which has a productive partnership pattern or mutual symbiosis. With a clear vision and mission in business partnership cooperation with crackers MSME in Sidoarjo it will make PT SKLT easier and more flexible in the Sidoarjo environment when it will develop its business and this training will serve as promotion in PT SKLT's business for all more and more widely known in the wider community and has created a positive brand image. So it is possible to expand the network of buyers and investors who come to PT SKLT to cooperate and invest with PT SKLT. And this is one of the strategies in advancing and improving the existence of PT SKLT.

Benefit Partnership PT SKLT With Crackers MSME in Sidoarjo

1. This collaboration is a form of empowerment of crackers MSME in the fields of technology, capital, institutions and others so that the supply of raw materials can be guaranteed in quantity and quality according to the required standards.
2. With this agribusiness operational cooperation pattern, crackers MSME have the ability and a wider market area to develop commodities, production goods that have advantages and are able to compete in national, regional and international markets.
3. They can increase the level of their crackers MSME that previously did not have patent trade rights

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such as CV and UD names and PIRT names for their products.

4. With this KOA, crackers MSME becomes new economic centers that are increasingly developing so that at the same time it can be an effort to distribute income so as to prevent social inequality.
5. The success of the Agribusiness Operations Cooperation (KOA) pattern between PT SKLT and crackers MSME can attract other parties as new investors to build new partnerships, both national private investors and foreign private investors that can improve PT SKLT's long-term existence as well.

Tabel 4.1 Income Aspect

Owner	Daily Sales (Quantity)	Selling price (per Ball / 5kg)	Income per year
1. Erwinah, UD Atika Jaya	1ton/day	Rp.50.000	Rp.3.6 M
2. Faisal Fahmi, UD Cahaya Terang	1ton/day	Rp.45.000	Rp.3.2 M
3. Nur Ihyak, UD Sumber Karya	900kg/day	Rp.45.000	Rp.2.9 M
4. Sumaasnaini, raw cracker's shape round	300kg/day	Rp.45.000	Rp.985 Jt
5. Sulis, UD Mokky's	800kg/day	Rp.45.000	Rp.2.6 M
6. Idris, UD Amar Putra	400kg/day	Rp.45.000	Rp.1.3 M
7. M. Choirul Supandi, raw cracker's shape tofu	120kg/day	Rp.55.000	Rp.481 Jt
8. Darto, shrimp raw cracker's	150kg/day	Rp.57.000	Rp.624 Jt
9. Sutrisno, raw cracker's merk USEK	350kg/day	Rp.50.000	Rp.1.2 M



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**Tabel 4.2 Capital Aspect**

Owner	Capital Aspect
1. Erwinah, UD Atika Jaya	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank Mandiri loan of Rp. 700,000,000</li> </ul>
2. Faisal Fahmi, UD Cahaya Terang	<ul style="list-style-type: none"> <li>• Owner's equity</li> </ul>
3. Nur Ihyak, UD Sumber Karya	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Loans from relatives / friends</li> <li>• Do not want to borrow a bank for fear of too large bank interest</li> </ul>
4. Sumaasnaini, raw cracker's shape round	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank BRI loan of Rp.300.000.000</li> </ul>
5. Sulis, UD Mokky's	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Do not want to be afraid of high interest from banks, it was once offered by the government capital loan but it is not clear finally until now.</li> </ul>
6. Idris, UD Amar Putra	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Loans from relatives / friends</li> </ul>
7. M.Choirul Supandi, raw crackers shape tofu	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Loans from relatives / friends</li> </ul>
8. Darto, shrimp raw crackers	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank Mandiri loan of Rp.200.000.000</li> </ul>
9. Sutrisno, raw cracker's merk USEK	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank Mandiri loan of Rp.150.000.000</li> </ul>
Owner	Capital Aspect
10. Erwinah, UD Atika Jaya	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank Mandiri loan of Rp. 700,000,000</li> </ul>
11. Faisal Fahmi, UD Cahaya Terang	<ul style="list-style-type: none"> <li>• Owner's equity</li> </ul>
12. Nur Ihyak, UD Sumber Karya	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Loans from relatives / friends</li> <li>• Do not want to borrow a bank for fear of too large bank interest</li> </ul>
13. Sumaasnaini, raw cracker's shape round	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank BRI loan of Rp.300.000.000</li> </ul>
14. Sulis, UD Mokky's	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Do not want to be afraid of high interest from banks, it was once offered by the government capital loan but it is not clear finally until now.</li> </ul>
15. Idris, UD Amar Putra	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Loans from relatives / friends</li> </ul>
16. M.Choirul Supandi, raw crackers shape tofu	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Loans from relatives / friends</li> </ul>
17. Darto, shrimp raw crackers	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank Mandiri loan of Rp.200.000.000</li> </ul>
18. Sutrisno, raw cracker's merk USEK	<ul style="list-style-type: none"> <li>• Owner's equity</li> <li>• Bank Mandiri loan of Rp.150.000.000</li> </ul>



# The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)

## "Nurturing Business and Banking Sustainability"

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**Tabel 4.3 Partnership Program**

Owner	Willing to Corporate or Not	Explanation
1. Erwinah, UD Atika Jaya	Willing to corporate	Capital increase aspect, Aspects of cracker production training, Technology introduction aspects, Availability of raw materials, Sales/ Marketing System, Bookkeeping Management
2. Faisal Fahmi, UD Cahaya Terang	Willing to corporate	Capital increase, Introduction to technology, Sales/ Marketing System, Bookkeeping Management
3. Nur Ihkyak, UD Sumber Karya	Not willing to corporate	-
4. Sumaasnaini Raw crackers shape round	Willing to corporate	Capital increase, Crackers production training, Introduction to technology
5. Sulis, UD Mokky's	Not willing to corporate	-
6. Idris, UD Amar Putra	Willing to corporate	Capital increase, Crackers production training, Introduction to technology, Availability of raw materials
7. M.Choirul Supandi, raw crackers shape tofu raw crackers shape tofu	Willing to corporate	Capital increase, Cracker production training, Introduction of Technology
8. Darto, Shrimp raw crackers	Willing to corporate	Capital increase, Cracker production training, Availability of raw materials
9. Sutrisno, Raw crackers merk USEK	Willing to corporate	Capital increase, Crackers production training

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